Editor of the Ware River News. I am grateful for Mr. McCulloch's passion and commitment to politics and journalism.

As many of you know, a child's 1st birthday is a joyous occasion.

Therefore, it is only appropriate that I ask the House in joining me today in wishing Maggie Adele McCulloch a Happy Birthday.

HONORING MINNESOTA STAND DOWN

HON. BRUCE F. VENTO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 16, 2000

Mr. VENTO. Mr. Speaker, I rise today to recognize and honor the tremendous success of the Minnesota Stand Down.

Since 1993, Minnesota Stand Down has set forth an excellent example of successful collaborative efforts with the National Guard and Reserve Units, homeless shelter programs, health care providers and other members of the community in order to help combat the growing problem of homeless veterans. With the help of hundreds of volunteers from over 150 different agencies and organizations, Minnesota Stand Down is truly a magical operation.

I have had the honor of attending and participating in numerous Stand Down events in Minnesota over the years. Each event gathered over 1,000 veterans in search of medical attention, shelter, food, legal assistance, transitional housing program assistance, showers and haircuts, clothing and meals. Most importantly, these special events provide companionship, camaraderie and mutual support.

In its eighth year, Minnesota Stand Down is designed to give homeless veterans a brief respite from life on the streets. In response to this growing problem, I have sponsored H.R. 566, The Stand Down Authorization Act. This important legislation would, in conjunction with the grassroots community, expand the VA's role in providing outreach assistance to homeless veterans. H.R. 566 has the strong support of over 100 bi-partisan cosponsors, the VA, the American Legion, the Veterans of Foreign Wars (VFW) and the Disabled American Vets (DAV). Stand Downs are not a solution to the problem of homelessness among veterans, but an opportunity to create an atmosphere and policy path conducive to bring about hope and long term solutions.

I would like to share with all Members an uplifting poem written by Kathy Lindboe, the daughter of Minnesota Stand Down coordinator, Bill Lindboe. It is my hope that this enlightening message will ignite our efforts in providing more resources towards our forgotten heroes . . . homeless veterans.

A LONELY MAN WALKS IN THE NIGHT

(By Kathy Lindboe)

A lonely man walks in the night, it is cold and quiet with no end in sight.
With looks of anger, looks of disgust, the strangers pass him.
They assume he must be another bum who deserves the street, never knowing his name, never knowing his feat.
That he fought for their freedom to walk on by,
that he fought for their country, he saw his friends die.
That he fought for tomorrow, he was shot in the chest, he fought for them all, for he loved them all best.
Now he talks to himself for some company.
He keeps his head down, he doesn't want them to see, his unshaven face, his frostbitten ears, the fear in his eyes from the last 30 years.
He hides from the world, existing on pride.
That for his country he lives, for this country, men died.
And his cry in the night, lingers on in his soul.
Another lonely man living, The war veterans role.

THE FED'S UNNECESSARY ASSAULT ON WAGES

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 16, 2000

Mr. FRANK of Massachusetts. Mr. Speaker, I have become increasingly concerned that the relentless drive of the Federal Reserve to cut back on economic growth will lead to serious economic problems later this year. Federal Reserve officials have heretofore stressed that there is a time lag of many months between their decisions to raise interest rates and the effect those increases will have on the economy. We have recently had four Federal Reserve increases in interest rates, and by the Fed's own previous standards, only one of those could possibly have begun to have any economic impact, and that, barely so. For the Federal Reserve despite this to continue to raise interest rates threatens us with serious economic problems later in the year. I do not at this point believe that this will lead to a recession, although if the Fed continues to raise interest rates on a regular basis that will be the result. But what their actions will guarantee is a significant slow down in the growth of our economy. That is not only bad in itself, it will deprive our economy of the one factor that has served in recent years to alleviate the increasing trend towards exacerbating inequality that has accompanied overall prosperity for much of the past decade.

The justification for the Federal Reserve's action is of course that it is necessary to stave off inflation. This is a justification the Fed offers, despite what might appear to be the inconvenient fact that no inflation is in prospect. In a recent analysis, Jeff Faux of the Economic Policy Institute analyzes the Federal Reserve's argument, and delves into American economic history to show the fallacy of the Fed's approach.

Because of the importance of this topic to both the economic and social health of our country, and because of the cogency of Mr. Faux's analysis, I ask that it be printed here.

THE FED'S UNNECESSARY ASSAULT ON WAGES

(By Jeff Faux)

The Federal Reserve Board has raised its key interest rate a full percentage point since June 1999, and it has indicated that it will continue to raise rates until economic growth slows down.

It takes a while for interest rate changes to work their way through the economy. But sometime this year, the nation can expect to begin paying the costs. These costs will include: An increase in joblessness and a weakening of the bargaining power of low- and middle-income families, whose wages—after being stagnant for most of the 1990s—have been rising in the last several years because of tight labor markets. Higher housing, consumer credit, and general borrowing costs. a worsening of the trade deficit, because raising interest rates will increase the near-term value of the dollar.

According to Fed Chairman Alan Greenspan, these costs are justified by the benefits of slower growth, which will: (1) prevent the current boom from ‘‘overheating,’’ i.e., generating politically unacceptable levels of inflation that must then be brought down by engineering a deep recession, and (2) deflate the overpriced stock market, thereby preventing a future crash.

But the slowing of the economy is unnecessary. As Greenspan himself admitted in his February 17 semi-annual report to Congress, ‘‘inflation has remained largely contained.’’ Moreover, the historical evidence for Greenspan's inflationary scenario is weak. As for an overpriced stock market, the Fed has other policy options with which to deflate it. These realities suggest that the Fed's intervention has been aimed more at preventing wage increases than at preventing inflation.

If anything, lowering, rather than raising, interest rates is a more appropriate monetary policy for the current condition of the economy.

NO INFLATION SIGNALS

There are no signs that the economy is approaching close enough to capacity to represent a serious inflationary threat. The latest data show that the January ‘‘core’’ inflation rate—consumer prices other than volatile energy and food prices—rose only 1.9% above the year before, compared with a 2.3% annual increase a year earlier.

Nor is there any evidence that production is threatening to outstrip capacity. The Federal Reserve's own numbers show the capacity utilization rate at 81.6%, substantially below the 85.4% reached in 1988–89, at the peak of the last business cycle.

The employment cost index—the statistic said to be most watched by the Fed economists—in the fourth quarter of 1999 was rising at an annual rate of 4.5%. But productivity was rising even faster—by 5%—leaving room in the economy for more noninflationary wage increases.

THE DISAPPEARING NAIRU

It is of course plausible that at some point spending could outgrow the economy's capacity to produce, causing prices to accelerate to unacceptable levels. Economists have labeled the unemployment rate below which this inflationary spiral would theoretically ignite as the NAIRU, or the non-accelerating-inflation rate of unemployment.

In the early 1990s, the conventional wisdom among economists, including most at the Federal Reserve, was that the unemployment rate could not go below 6% without triggering an accelerating rate of inflation. The few economists who pointed out that there was little empirical evidence to support this theory and that the economy could achieve noninflationary unemployment rates of 4% or even lower were derided by the profession and ignored by the business media. (The late William Vickery of Columbia University, a Nobel Prize winner, said in 1994 that a 2% unemployment rate was feasible.)

The unemployment rate has now been below 6% since September 1994, below 5% since June 1997, and below 4.5% since April 1998. As we have seen, core inflation has not only not accelerated, it remains dormant.

The experience has taught us that no one, not even Dr. Greenspan, can calculate the